
TENNESSEE HOUSING DEVELOPMENT AGENCY

Low-Income Housing Tax Credit
Qualified Allocation Plan

1999

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QUALIFIED ALLOCATION PLAN**

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Part I: Introduction

The Tennessee Housing Development Agency ("THDA") is responsible for administering the Low-Income Housing Tax Credit program in Tennessee. The Low-Income Housing Tax Credit program was created by the Tax Reform Act of 1986 under Section 42 of the Internal Revenue Code of 1986, as amended ("Section 42"), to encourage the construction and rehabilitation of housing for low income individuals and families. Pursuant to Section 42(m) as amended by the Omnibus Budget Reconciliation Act of 1989, THDA is required to develop a Qualified Allocation Plan ("Allocation Plan") to define the process by which it will allocate an annual amount of Low-Income Housing Tax Credits ("Tax Credits") in Tennessee.

This document is the Allocation Plan required by Section 42. This Allocation Plan incorporates all requirements of Section 42 unless more stringent requirements, as permitted under Section 42, are expressly stated. A public hearing was held to solicit comments. "Exhibits" are documents which accompany this Allocation Plan and which provide additional information. "Attachments" are forms or documents which must be submitted as part of the Initial Application. Exhibits, the Initial Application Form, and Attachments are all considered part of the Allocation Plan. The Allocation Plan has been approved by the THDA Board of Directors and adopted by the Governor of Tennessee.

Part II: Goals and Objectives

The goal of this Allocation Plan is to use the Tax Credits allocated to Tennessee for 1999 to the fullest extent possible to create, maintain, and preserve affordable rental housing for low-income households. Tax Credits are not intended to provide the primary or principal source of financing for a development, but are intended to provide financial incentives sufficient to fill "gaps" which would otherwise exist in developing affordable rental housing for low income households. Specific objectives of this Allocation Plan are to:

1. Make rental units affordable to households with as low an income as possible and for the longest time period possible;
2. Encourage the construction or rehabilitation of rental units in the areas of Tennessee with the greatest need for affordable housing;
3. Encourage development of appropriate housing units for persons with special needs, including the elderly and persons who are homeless or have disabilities;
4. Discourage allocation of Tax Credits to developments for which Tax Credits are not necessary to create, improve, or preserve rental housing for low-income persons;
5. Allocate only the minimum amount of Tax Credits necessary to make a development financially feasible and to ensure its viability as a qualified low-income development throughout the credit period;
6. Encourage Non-Profit entities to develop rental housing for low income households;
7. Encourage energy efficient construction and rehabilitation;

8. Encourage fair distribution of Tax Credits among counties and developers or related parties;
9. Improve distribution among developments of varying sizes to ensure that developments with a smaller number of housing units receive fair consideration; and
10. Allocate Tax Credits fairly.

Part III: Tax Credits Available

A. Total Tax Credits

The total amount of Tax Credits available for allocation in Tennessee for 1999 is the total of the following:

1. \$1.25 x Tennessee's population;
2. Any unallocated credits from previous year;
3. Any returned credit from previous years; and
4. Any amount allocated to Tennessee by the IRS from the National Pool.

For purposes of calculating the initial Non-Profit Set-Aside and any of the other Set-Asides, the amount against which the percentages will be applied will be the sum of items 1, 2, and 3 above.

B. Set-Asides

Each development will be identified as qualifying for an allocation of Tax Credits in one or more of the "Set-Aside" categories described below, if all of the eligibility requirements specified in Part VII-A-2 are met for the relevant Set-Aside. For example, a development may qualify for the Non-Profit Set-Aside, the Small Development Set-Aside, and the Rural Set-Aside. Many other combinations are also possible. The method by which these Set-Asides will be applied is described in Part VII-G of this Allocation Plan.

1. Non-Profit Set-Aside
 - a. Qualified Non-Profits (see Part VII-A-2-a of this Allocation Plan) will be considered for an allocation of Tax Credits from the Non-Profit Set-Aside.
 - b. Ten percent (10%) of the total amount of Tax Credits available for allocation in Tennessee is reserved for qualified Non-Profit applicants as required by Section 42(h)(5).
 - c. **THDA reserves the right to make additional allocations of Tax Credits from any available Set-Aside to qualified Non-Profit applicants to meet the requirements of Section 42 (h)(5).**
2. HOPE VI Set-Aside
 - a. Up to ten percent (10%) of the sum of Part III-A-1, -2 and -3 will be set-aside for developments developed as part of HOPE VI grants and which qualify for this Set-Aside (see Part VII-A-2-b).
 - b. Any amount of Tax Credits allocated to HOPE VI developments will be deducted from the amount of Tax Credits set-aside for developments in the appropriate related category (Non-Profit, Small Developments, Urban, or Rural) as applicable.
 - c. For 1999, only HOPE VI Initial Applications meeting all the eligibility requirements specified in this Allocation Plan will be accepted. If these Initial Applications meet all the requirements of this Allocation Plan, the amount of the HOPE VI Set-Aside will be divided proportionately among the eligible Initial Applications, based on the amounts of the HOPE VI grants.

- d. Tax Credits allocated to a development under this Part III-B-2 will not be counted against the limits by county or by developer specified in Part IV-A and -C.
 - 3. Small Developments Set-Aside
 - a. Up to five percent (5%) of the sum of Part III-A-1, -2 and -3 will be set-aside for developments with 25 or fewer units on a single site (see Part VII-A-2-c).
 - b. Any amount of Tax Credits allocated to developments in the Small Developments Set-Aside will be deducted from the amount of Tax Credits set-aside for developments in the appropriate related category (Non-Profit, or Urban or Rural, as applicable).
 - 4. Urban and Rural Set-Asides
 - a. Urban Set-Aside: Sixty-eight percent (68%) of the sum of Part III A-1, -2 and -3 above after the Non-Profit Set-Aside is deducted is available for allocation to developments in the Urban Set-Aside (see Part VII-A-2-d);
 - b.. Rural Set-Aside: Thirty-two percent (32%) of the sum of Part III A-1, -2 and -3 above after the Non-Profit Set-Aside is deducted is available for allocation to developments located in the Rural Set-Aside(see Part VII-A-2-e).
- C. THDA reserves the right to revise the amount of Tax Credits available for each Set-Aside based on requirements imposed by Congress or the IRS, and consistent with the intent of the various Set-Asides.**

Part IV: Limits On Amount Of Tax Credits Available

A. By County

The maximum amount of Tax Credits that may be allocated to developments in any one **urban** county shall not exceed one million five hundred thousand dollars (**\$1,500,000**). The maximum amount of Tax Credits that may be allocated to developments in any one **rural** county shall not exceed one million dollars (**\$1,000,000**). **Exhibit 1** to this Allocation Plan identifies urban and rural counties.

B. By Development

The maximum amount of Tax Credits that may be allocated to a single development shall not exceed five hundred thousand dollars (**\$500,000**). THDA reserves the right, in its sole discretion, to determine whether Initial Applications received reflect a single development or multiple developments for the purpose of applying this limitation.

C. By Developer Or Related Parties

The maximum amount of Tax Credits that may be allocated to a single applicant, developer, owner, or related parties shall not exceed one million dollars (**\$1,000,000**). THDA reserves the right, in its sole discretion, to determine whether related parties are involved for the purpose of applying this limitation.

D. For Financial Feasibility

Section 42(m)(2) requires that THDA not allocate more Tax Credits than necessary for the financial feasibility of a development and its viability as a qualified low-income housing development. THDA reserves the right, in its sole discretion, to reject Initial Applications for Tax Credits when THDA determines that the proposed development is not financially feasible or does not need Tax Credits. THDA also reserves the right, in its sole discretion, to reserve or allocate an amount of Tax Credits less than the amount requested in an Initial Application. THDA's determination under Section 42(m)(2) shall not be construed to be a representation or warranty by THDA as to the financial feasibility, viability, or lack

thereof, of any development. Tax Credits allocated pursuant to this Allocation Plan are not intended to provide the primary or principal source of financing for a development, but are intended to provide financial incentives sufficient to fill “gaps” which would otherwise exist in developing affordable rental housing for low and very-low income households.

Part V: Limits On Developer and Consultant Fees, and Contractor Profit, Overhead, and General Requirements

A. Limit on Developer Fees and Consultant Fees

1. The combined total of developer and consultant fees which may be included in the determination of the amount of Tax Credits for a particular development cannot exceed five percent (5%) of that portion of eligible basis attributable to acquisition (before the addition of the fees), and cannot exceed fifteen percent (15%) of that portion of eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).
2. No points will be awarded under Part VII-B-4 if the Initial Application reflects a combined total of developer and consultant fees in excess of two percent (2%) of the eligible basis attributable to the acquisition cost of the development.
3. If the developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total of developer fees, consultant fees, and contractor profit, overhead, and general requirements, which may be included in the determination of the amount of Tax Credits for a particular development, cannot exceed fifteen percent (15%) of eligible basis of that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed twenty-five percent (25%) of that portion of eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

B. Limit on Contractor Fees, Profit, Overhead and General Requirements

1. The amount of contractor fees, profit, overhead and general requirements allowed in development basis shall be limited to fourteen percent (14%) of total construction cost. The structure of this fee will be limited to the following:

Contractor profit:	may not exceed six percent (6%)
Contractor overhead:	may not exceed two percent (2%)
<u>Contractor general requirements:</u>	<u>may not exceed six percent (6%)</u>
Total Contractor fees	may not exceed fourteen percent (14%)

2. If the developer and contractor are related persons as defined in Section 42(d)(2)(D)(iii), then the combined total for contractor profit, overhead, and general requirements, developer fees and consultant fees which may be included in the determination of the amount of Tax Credits for a particular development, cannot exceed fifteen percent (15%) of eligible basis on that portion of the development attributable to acquisition (before the addition of the fees), and cannot exceed twenty-five percent (25%) of that portion of eligible basis attributable to new construction or to rehabilitation (before the addition of the fees).

Part VI: Initial Application Submission

A. Initial Application Requirements

A complete Initial Application must be submitted in accordance with Part VI-B by the Initial Application deadline specified in Part VI-C. To be considered complete, an Initial Application must meet **ALL** of the following requirements:

1. Have content, formatting and pagination identical to that of the attached Initial Application Form;
2. Bear original signature(s) as specified in Part VI-D;
3. Include all required Attachments and supporting documentation, with all such Attachments and supporting documentation containing correct, complete, and consistent information as required in this Allocation Plan and bearing original signatures to the extent specified in Part VI-D;
4. Have no missing information or any information that is erroneous, incomplete or inconsistent;
5. Include a complete original and two complete copies;
6. Be submitted by the Initial Application deadline specified in Part VI-C; and
7. Include a certified check in the amount of all fees required with the Initial Application as specified in Part XII.

B. Initial Application Delivery

An Initial Application must be identified as a “Tax Credit Application” and be delivered to:

**Tennessee Housing Development Agency
Suite 1114
404 James Robertson Parkway
Nashville, TN 37243-0900**

Initial Applications may be delivered to THDA by mail, in person, by courier, or by other means of physical delivery. (**Applications by express delivery services should be sent to the address above but at Zip Code 37219-1505.**) Telecopy, facsimile, or other transmission or delivery of “copies” or “representations” of the Initial Application or other documents **will not be accepted.**

THDA assumes no responsibility for late delivery or delivery to locations other than stated above. **Only those Initial Applications arriving at the location stated above by the Initial Application deadline specified in Part VI-C will be considered.**

C. Initial Application Deadline

No Initial Applications will be accepted after 1:00 p.m. Central Time on March 23, 1999. No Initial Applications will be accepted at any location other than the location specified in Part VI-B.

- **No erroneous, missing, incomplete or inconsistent supporting documentation or Attachments, or clarifications to the Initial Application, supporting documentation, or Attachments, or any other materials required in the Initial Application or in support of the Initial Application will be accepted after the Initial Application deadline except as specified in Part VII-D.**

D. Original Signatures Required

All forms and documents provided by THDA to be completed as part of the Initial Application must bear **original** signatures (in any color ink except black) where signatures are required. No photocopies, teletypes, or other reproductions of documents with signatures will be accepted on these forms and documents.

E. Local Government Notification

THDA will notify the chief executive officer (or the equivalent) of the local government in whose jurisdiction a development proposed in an Initial Application is to be located. Such individual will have an opportunity to comment on the development proposed in the Initial Application to be located in the jurisdiction, as required by Section 42(m)(1)(A)(ii).

PART VII: Initial Application Evaluation

A. Eligibility Determination

THDA will evaluate each Initial Application that meets the requirements of Part VI to determine whether the following eligibility requirements are met:

1. Minimum Score Required

To be eligible, an Initial Application must obtain a **minimum score of 200 points** as determined by THDA in accordance with Part VII-B.

2. Special Set-Asides

a. Non-Profit Set-Aside: To be eligible for Tax Credits from the Non-Profit Set-Aside, an Initial Application must contain information satisfactory to THDA demonstrating that the development proposed in the Initial Application involves a qualified non-profit organization. To be qualified, a non-profit organization must meet **ALL** of the following:

- (i) The organization must be a *bona fide* non-profit organization, as evidenced by the following:
 - (A) The organization must be an IRS 501(c)(3) or 501(c)(4) entity;
 - (B) The organization must be organized and existing in the State of Tennessee or if organized and existing in another state, must be qualified to do business in Tennessee;

- (C) The organization must: (i) not be formed by one or more individuals or for-profit entities for the principal purpose of being included in the Non-Profit Set-Aside; (ii) not be controlled by a for-profit organization; and (iii) not have any staff member, officer or member of the board of directors who will materially participate, directly or indirectly, in the proposed development as or through a for-profit entity; and
 - (D) The organization must be engaged in the business of fostering low-income housing in Tennessee and must have been so engaged during all of calendar year 1997 and calendar year 1998.
 - (ii) The organization must (directly or through a partnership), prior to the reservation of Tax Credits: (i) own all of the general partnership interests of the ownership entity of the development; or (ii) own, alone or with other non-profits who meet all of the requirements of this Part VII-A-2-a, one hundred percent (100%) of the stock of a corporate ownership entity of the development; or (iii) own, alone or with other non-profits who meet all of the requirements of this Part VII-A-2-a, one hundred percent (100%) of the stock of an entity that is the sole general partner or sole managing member of the ownership entity of the development proposed in the Initial Application;
 - (iii) The organization must be materially participating (regular, continuous and substantial on-site involvement) in the development and operation of the development throughout the “compliance period” (as defined in Section 42(i)(1)).
 - (iv) To demonstrate eligibility under this Part VII-A-2-a, ALL of the following must be submitted as part of the Initial Application:
 - (A) A copy of the IRS determination letter clearly stating the organization’s status as an IRS 501(c)(3) or 501(c)(4) entity; and
 - (B) A Certificate of Existence from the Tennessee Secretary of State’s Office dated not more than thirty (30) days prior to the date of the Initial Application; and
 - (C) **Attachment 17**; and
 - (D) **Attachment 18**.
- b. HOPE VI Set-Aside:
- In order to qualify for the HOPE VI Set-Aside, the Initial Application must demonstrate that the proposed development would provide housing units which are an essential element of a HUD approved HOPE VI Revitalization Program for public housing. The units must be specifically identified in the approved HOPE VI application and/or Revitalization Plan. To document qualification for this HOPE VI Set-Aside, the Initial Application must contain the following:
- (i) A copy of the HOPE VI Revitalization Grant Assistance Award (form HUD-1044) which identifies the public housing authority (“PHA”) receiving the HOPE VI grant and the amount of the grant; and
 - (ii) A letter from the Executive Director of the identified PHA certifying that: (A) the development proposed in the Initial Application is identified in the PHA’s approved HOPE VI application or Revitalization Plan; (B) the housing units are an essential element of that Plan; and (C) the Tax Credits for the development proposed in the Initial Application are an essential component of the financing plan for the PHA’s HOPE VI program.
- c. Small Developments Set-Aside: The Initial Application must be for a development with twenty-five (25) or fewer total housing units on a single site.

- d. Urban Set-Aside: To be eligible for consideration in the Urban Set-Aside, the development must be located in one of the urban counties of Tennessee (Metropolitan Statistical Area or "MSA" counties) shown on **Exhibit 1** to this Allocation Plan.
 - e. Rural Set-Aside: To be eligible for consideration in the Rural Set-Aside, the development must be located in one of the rural counties of Tennessee shown on **Exhibit 1** to this Allocation Plan.
3. Non-compliance
- a. To be eligible, individuals involved (either directly or indirectly) with the developer or the ownership entity (whether formed or to be formed) identified in the Initial Application must not have any involvement (either directly or indirectly) with the developer or the ownership entity of any prior Tax Credit development which has an event of noncompliance under Section 42 or under the restrictive covenants recorded in connection with such development. Ineligibility due to noncompliance shall be in effect for one application cycle following the calendar year in which the non-compliance was identified. THDA will determine, in its sole discretion whether an event of noncompliance exists which has not been cured.
 - b. **Attachment 19** must be submitted as part of the Initial Application to demonstrate eligibility under this Part VII-A-3.
4. Developments
- a. The Initial Application must propose an eligible development. To be eligible, a development proposed in the Initial Application must meet ALL of the following:
 - (i) The development must be a qualified low-income housing development as defined in Section 42(g), containing qualified low-income buildings as defined in Section 42(c)(2) and low-income units as defined in Section 42(i)(3). THDA, in its sole discretion, may require opinions from relevant counsel regarding transitional housing for the homeless, single room occupancy units, service provision or other matters in connection with a determination of eligibility;
 - (ii) Proposed developments that include acquisition of existing properties must meet Section 42(d)(2) (10-year rule); and
 - (iii) If the development proposed in the Initial Application is located on scattered sites, then the Initial Application must reflect that all sites are included under a common plan of financing.
 - b. The following types of developments **are not eligible** for Tax Credits:
 - (i) Developments presently having or proposed to have development-based subsidies under the Section 8 Moderate Rehabilitation program, unless the subsidies are tied to developments utilizing the Stewart B. McKinney Homeless Assistance Act;
 - (ii) Developments that have been part of "Bargain Sales" with a "step-up" in sales price paid to an intervening Non-Profit;
 - (iii) Developments containing units that are not for use by the general public, including, but not limited to, hospitals, nursing homes, sanitariums, life care facilities, trailer parks, or intermediate care facilities for persons with mental and physical disabilities; or
 - (iv) Developments in which continual or frequent nursing, medical, or psychiatric services are provided. Examples include, but are not limited to, hospitals, nursing homes, sanitariums, life care facilities, or intermediate care facilities for persons with mental and physical disabilities.

- c. **Attachment 20 must be submitted** as part of the Initial Application to demonstrate eligibility under this Part VII-A-4.
5. Existing, Incremental, and New Developments
- a. Developments which received reservations/allocations of Tax Credits under the 1998 Qualified Allocation Plan and which are not proposing additional housing units will be considered “existing” developments. Developments which have received reservations/allocations of Tax Credits under the 1998 Qualified Allocation Plan but which are proposing additional housing units will be considered “incremental” developments. All other developments will be considered “new” developments.
 - b. Initial Applications proposing “incremental” developments will be reviewed, evaluated and scored based solely on the costs, characteristics, and other elements of the development attributable to the housing units added pursuant to the Initial Application submitted for 1999 Tax Credits. None of the costs, characteristics, or other elements attributable to the existing development will be considered, evaluated, or scored. If Tax Credits are allocated to an “incremental” development, the limitations by county, by development, and by developer specified in Part IV of this Allocation Plan will apply, based on the cumulative amount of Tax Credits allocated to the entire development for 1998 and 1999.
 - c. If there are sufficient qualified Initial Applications for “new” developments and/or “incremental” developments, Initial Applications for “existing” developments will not be reviewed or scored, and the application fee will be returned.
 - d. If Tax Credits are allocated to an “existing” development, the limitations by county, by development, and by developer specified in Part IV, the limits on developer, consultant and contractor fees specified in Part V, and development cost per unit limitations specified in Part VII-A-8, will apply, based on the cumulative amount of Tax Credits allocated to the entire development for 1998 and 1999 and the cumulative costs of the development.
6. Development Participants
- a. An Initial Application is not eligible if Disclosure Forms are not included for individuals identified as being involved (either directly or indirectly) with the developer or the ownership entity (whether formed or to be formed) identified in the Initial Application or if any one of the following is true for any such individuals:
 - (i) A felony conviction of any type within the last ten (10) years;
 - (ii) A fine, suspension or debarment involving financial or housing activities within the last five (5) years imposed by any federal agency;
 - (iii) Currently in bankruptcy; or
 - (iv) Any suspensions of required state licenses (Tennessee or any other state) within the last ten (10) years.
 - b. **Attachment 22** (Disclosure Forms) must be submitted for each identified individual with responses for each question and with the original signature of the individual to whom the disclosure form relates as part of the Initial Application to demonstrate eligibility under this Part VII-A-6.
7. Property Control
- a. To be eligible, an Initial Application must demonstrate control of the property on which the development proposed in the Initial Application is to be located (the “property”). Acceptable documentation must be in full force and effect, fully executed

and include a correct legal description for the property. A copy of any one of items (i)-(iv) below must be part of the Initial Application:

- (i) Recorded instrument of conveyance (warranty deed, quitclaim deed, trustee deed, court order) evidencing title to the property vested in (A) the currently existing ownership entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the ownership entity to be formed;
 - (ii) Acceptable evidence demonstrating the ability to acquire the property through the power of eminent domain by (A) the currently existing ownership entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the ownership entity to be formed;
 - (iii) Contract for sale or a contract for a 99-year ground lease, which contract must show that the ground lease, when executed, will meet the requirements specified in Part VII-A-7-a-(v), executed by (A) the owner of record of the property and (B) the currently existing ownership entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the ownership entity to be formed; or
 - (iv) An option to purchase or an option for a 99-year ground lease, which option must show that the ground lease, when executed, will meet the requirements specified in Part VII-A-7-a-(v), executed by (A) the owner of record of the property and (B) the currently existing ownership entity identified in the Initial Application or a person or entity identified in the Initial Application as the general partner or managing member of the ownership entity to be formed.
 - (v) A ground lease for the property must have a minimum term of 99 years with no provisions for termination or reversion prior to the expiration of the extended use period as defined in Section 42(h)(6)(D).
- b. Documentation required as part of the Initial Application to demonstrate eligibility under this Part VII-A-7:
 - (i) A copy of one of the items identified in Part VII-A-7-a above, and.
 - (ii) A copy of the recorded deed for the property evidencing title vested in the person or entity who executed the document required in Part VII-A-7-a above as owner or a commitment for title insurance evidencing that title to the property is vested in the person or entity who executed the document required in Part VII-A-7-a above as owner.
 - c. Copies of assignments of contracts or options without copies of the underlying contract or option that meets the requirements set forth above will not be accepted.
8. Maximum Total Development Costs Per Unit

The applicant must demonstrate that the total development costs per unit proposed, on average, do not exceed \$90,000 per unit in Urban counties and \$69,900 per unit in Rural counties (see **Exhibit 1**). These limits represent the maximum total development costs per unit allowed to be submitted in an Initial Application and do not imply that such proposed costs will be accepted as reasonable in evaluating the financial feasibility of the development or in determining an amount of Tax Credits which may be reserved or allocated for a development.

B. Scoring Initial Applications

Applicants, Initial Applications and developments that meet all eligibility requirements stated above will be evaluated according to the scoring criteria specified below based on the information provided in each Initial Application. **A minimum of 200 points of the 390 points available is required for an Initial Application to be eligible for further consideration** under this Allocation Plan.

THDA will award points only if an Initial Application is complete, contains all required documentation, no documentation is incomplete, erroneous, or inconsistent and is submitted by the application deadline, all as specified in Part VI of this Allocation Plan. If documentation is incomplete, erroneous, or there are inconsistencies between Attachments or other supporting documentation and the Initial Application form itself or any other type of inconsistency, THDA will not award points for the scoring category which was incomplete, in error, or inconsistent. Completion, correction, or clarification of such items will be subject to the requirements of Part VII-D and -E.

1. Development Location And Housing Needs: Maximum 80 Points

- a. Developments located in counties where the annual median income is less than 80% of the state median (**Exhibit 2**): *15 points*
- b. Developments in census tracts or in counties with the greatest rental housing need (**Exhibit 3**): *Maximum 20 points*
- c. Developments in counties that have received the lowest aggregate per capita allocation of Tax Credits since 1994 (**Exhibit 4**): *Maximum 25 points*
- d. Developments located in a THDA designated Bicentennial Neighborhood (**Exhibit 5**) or developments located in a Qualified Census Tract or a Difficult to Develop Area as designated by HUD in accordance with Section 42 (d)(5) (**Exhibit 6**): *20 points*

2. Development Characteristics: Maximum 80 Points

- a. Development of rental units: *Maximum 50 points*
 - (i) New Construction: *50 points*
 - (ii) Conversion of a building from use other than housing (i.e. school, office building, warehouse, etc.) to affordable rental housing: *40 points*
 - (iii) Preservation of existing affordable rental housing through major rehabilitation (hard rehabilitation costs equal to more than 50% of total development cost): *for rehabilitation only: 20 points; for acquisition and rehabilitation: 25 points*
 - (iv) Preservation of existing affordable rental housing through minor rehabilitation (hard rehabilitation costs equal to at least 25% but less than or equal to 50% of total development cost): *for rehabilitation only: 10 points; for acquisition and rehabilitation: 15 points*

For developments containing a combination of these characteristics, points will be prorated based on the percentage of units in each category.
- b. Developments designed and built to promote energy conservation by meeting the standards of the Council of American Building Officials Model Energy Code. Certification from the design architect will be required on developments of 11 units or more, from contractor on 10 units or fewer, following the issuance of the Reservation Notice. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to issuing the IRS Form 8609: *10 points*
- c. Developments designed and built to meet a 15-year maintenance-free exterior standard. Certification from the design architect will be required on developments of 11 units or more, from contractor on 10 units or fewer, following the issuance of the Reservation

Notice. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to issuing the IRS Form 8609: **10 points**

- d. Developments designed and built with a minimum of 60% brick exterior. Certification from the design architect will be required on developments of 11 units or more, from contractor on 10 units or fewer, following the issuance of the Reservation Notice: Confirmation from the supervising architect or contractor, as appropriate, will be required prior to issuing the IRS Form 8609: **10 points**

3. Sponsor Characteristics: Maximum 65 Points

- a. If none of the following has occurred in Tennessee at any time during calendar year 1997 or calendar year 1998 with respect to individuals involved (either directly or indirectly) with the developer or the ownership entity (whether formed or to be formed) identified in the Initial Application: **50 points**
 - (i) A reservation of Tax Credits was issued and accepted for a development that the individuals identified above were involved with (either directly or indirectly) through the developer or owner, yet a Carryover Allocation was not obtained; or
 - (ii) A Carryover Allocation was made to a development that the individuals identified above were involved with (either directly or indirectly) through the developer or owner, yet an IRS Form 8609 was not obtained; or
 - (iii) An allocation of Tax Credits was made to a development that the individuals identified above were involved with (either directly or indirectly) through developer or owner, but the development failed to meet the minimum set-aside for low-income tenants as specified in the land use restrictive covenants.
- b. Ability to finance the development (Submit **Attachment 24** as part of the Initial Application): **Maximum 5 points; choose only one**
 - (i) Developments with a firm loan commitment for construction: **5 points**
 - (ii) Developments with a firm loan commitment for permanent financing: **5 points**
 - (iii) Developments with a firm commitment from lending entities for developments using competitive state or Federal loans or grants (i.e.: AD-622 for Rural Development (formerly FmHA); SAMA letter for HUD 221(d)(4)): **5 points**
- c. Land Ownership: **10 points**

Evidence of land ownership as demonstrated by any one of the following:

 - 1. Recorded instrument of conveyance (warranty deed, quitclaim deed, trustee deed, court order) evidencing title to the property vested in (A) the currently existing ownership entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the ownership entity to be formed; or
 - 2. Acceptable evidence demonstrating acquisition of the property for the proposed development identified in the Initial Application through the power of eminent domain by (A) the currently existing ownership entity identified in the Initial Application or (B) a person or entity identified in the Initial Application as the general partner or managing member of the ownership entity to be formed.

4. Developer and Consultant Fees: Maximum 30 Points

- a. Initial Applications reflecting a combined total developer and consultant fees (as defined in Part V-A) based on eligible basis attributable to acquisition costs in excess of 2%: **0 points**

- b. Initial Applications reflecting a combined total developer and consultant fee (as described in Part V-A) based on eligible basis attributable to acquisition costs of 2% or less and developer's and/or consultant's fees based on eligible basis attributable to rehabilitation or new construction (see Part V-A) with the following limits:

Developer's Fee for New Construction and <u>Rehabilitation Costs Only</u>	<u>Points</u>
0% - 4.99%	30 points
5% - 9.99%	20 points
10% - 13%	10 points

5. Special Housing Needs: Maximum 50 Points

- a. Development with units designed and built for large families, (i.e., three or more bedrooms). Certification from the design architect will be required on developments of 11 units or more, from contractor on 10 units or fewer, following the issuance of the Reservation Notice. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to issuing the IRS Form 8609.

<u>Percent of Units</u>	<u>Points</u>
10%-19%	5 points
20%-29%	10 points
30% or more	15 points

- b. At least ten percent (10%) of the units designed in compliance with ADA standards to be adaptable for persons with disabilities and built so that conversion for occupancy by persons with disabilities can be readily accomplished. Certification from the design architect will be required on developments of 11 units or more, from contractor on 10 units or fewer, following the issuance of the Reservation Notice. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to issuing the IRS Form 8609: **25 points**;
- c. At least fifty percent (50%) of the units designed and built for single room occupancy. Certification from the design architect will be required on developments of 11 units or more, from contractor on 10 units or fewer, following the issuance of the Reservation Notice. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to issuing the IRS Form 8609: **15 points**;
- d. At least twenty percent (20%) of the units designed, built, and marketed for occupancy by the elderly (minimum age 62 years). Certification from the design architect will be required on developments of 11 units or more, from contractor on 10 units or fewer, following the issuance of the Reservation Notice. Confirmation from the supervising architect or contractor, as appropriate, will be required prior to issuing the IRS Form 8609. **25 points**.
- e. An Initial Application may meet the requirements for more than one of the preceding special needs categories, but **no more than 50 points will be awarded**.
- f. **A unit may not be counted as satisfying more than one special needs category. That is, a unit which is intended for occupancy by the elderly may not also be counted as a unit designed for persons with disabilities. Each unit may be counted only once, in only one category.**

6. Lowest Income Preference: Maximum 50 Points

- a. Election to set aside a minimum of twenty percent (20%) of the units for households with incomes no higher than fifty percent (50%) of the area median income: **50 points**

- b. (i) Election to set aside a minimum of ten percent (10%) of the units for households with incomes no higher than fifty percent (50%) of the area median income; **or**
- (ii) Election to set-aside 100% of the units for households with incomes no higher than sixty percent (60%) of the area median income: **25 points**

7. Extended Use Preference: Maximum 20 Points

A binding commitment to extend the point in time at which the written request specified in Section 42(h)(6)(I) may be given:

Number of Years of Extended Use	Points
At least 5 years	20 points
At least 4 years, but less than 5 years	15 points
At least 3 years, but less than 4 years	10 points

8. Public Housing Priority: 10 Points

Marketing plans, lease-up plans, or operating policies and procedures which will give a priority to persons on Public Housing Waiting lists or to persons with Section 8 Certificates or Vouchers.

9. Participation of Local Tax Exempt Organizations: 5 points

Applicants must document participation from local tax-exempt organizations with involvement in the community where the development will be located by submitting a letter from the local tax-exempt organization indicating what their involvement in the development will be, that their charter and bylaws allows the activity or service, and their prior experience in the community where the development will be located.

C. Notice To Applicants

1. THDA will notify each applicant when the eligibility determination and scoring of their Initial Application is complete. All applicants will be so notified on or before May 14, 1999.
2. If THDA determines that an Initial Application meets all of the eligibility requirements of this Allocation Plan and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the applicant in the Initial Application, then no further action by the applicant or THDA will be taken. Applicants may not submit additional items for the purpose of increasing their scores in a particular scoring category if the THDA assigned score is the same as or higher than the score assigned by the applicant in the Initial Application. The provisions of Part VII-D do not apply.
3. If THDA determines that an Initial Application does not meet one or more of the eligibility requirements of this Allocation Plan or if the score assigned by THDA in any scoring category is less than the score assigned by the applicant in the Initial Application, THDA will notify the applicant of items that were erroneous, missing, incomplete, or inconsistent. THDA will also notify applicants if THDA determines that (i) any two or more developments proposed in two or more Initial Applications constitute a single development for purposes of applying the development limit specified in Part IV-B or (ii) developers or related parties reflected in two or more Initial Applications constitute a single entity for purposes of applying the developer or related party limitation specified in Part IV-C. This notice to applicants from THDA is referred to herein as the "Cure Notice".
4. **No rankings or scoring summaries with respect to Initial Applications received by THDA will be available until all cure periods have expired and the review process is complete.**

D. Cure Period

1. Applicants receiving a Cure Notice may, in compliance with the requirements of this Part VII-D, correct erroneous items, supply missing or incomplete items and/or may clarify any inconsistencies related to the specific items identified by THDA during a cure period which shall begin on the date of the Cure Notice and shall end at 4:00 p.m. Central Time, on the date specified in the Cure Notice, which date shall be five (5) business days from the date of the Cure Notice. The Cure Notice shall specify the means and methods by which erroneous items may be corrected, missing items supplied, incomplete items completed and inconsistencies clarified. Applicants may not submit additional items for the purpose of increasing their score in a particular scoring category where the THDA assigned score is the same as or higher than the score assigned by the applicant in the Initial Application.
2. If additional documentation to address items specified in the Cure Notice is not submitted in accordance with the requirements contained in the Cure Notice, then the determination as to eligibility and scoring made by THDA is determinative. The review process described in Part VII-E is not available to applicants who do not submit additional documentation in accordance with the Cure Notice (including, without limitation, the time deadlines specified therein.).
3. The cure provisions of this Part VII-D **do not apply** to Initial Applications that are not submitted in accordance with the requirements of Part VI-B and -C.
4. THDA will review all documentation submitted in accordance with the Cure Notice for each relevant Initial Application. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, meets all of the eligibility requirements of this Allocation Plan and if the score assigned by THDA in each scoring category is the same as or higher than the score assigned by the applicant in the Initial Application, then no further action by the applicant or THDA will be taken. Applicants may not submit additional items for the purpose of increasing their score in a particular scoring category where the THDA assigned score is the same as or higher than the score assigned by the applicant in the Initial Application, taking into account documentation submitted in accordance with the Cure Notice. The provisions of Part VII-E will not apply.
5. If THDA determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, still does not meet any one of the eligibility requirements of this Allocation Plan or if the score assigned by THDA in any scoring category is still less than the score assigned by the applicant in the Initial Application, THDA will notify the applicant of items that remain erroneous, missing, incomplete, or inconsistent (the "Review Notice"). The Review Notice will specify the time period within which a request for review may be made.

E. Review Process

1. Applicants who receive a Review Notice may submit, **in writing**, a request for review to the Executive Director of THDA. This request for review must be submitted in accordance with the Review Notice. A request for review will not be considered if no documentation was submitted or if documentation was not submitted in accordance with the Cure Notice (including, without limitation, the time deadlines therein).
2. The request for review must identify the eligibility item or scoring category to be reviewed, **the information in the Initial Application OR the documentation submitted during the cure period relevant to the scoring category in question**, and the reason the applicant thinks that the eligibility determination or scoring was in error. The request for review must contain no more than two 8 1/2 X 11 inch pages, with print on one side of each page, typed in 12 point font or larger (or legibly hand written).

Requests not meeting this format will not be considered. No additional documentation may be submitted in connection with this request for review. No information submitted after the expiration of the relevant cure period specified in the Cure Notice for an Initial Application will be considered.

3. The Policy and Programs Committee of the Board of Directors of THDA (the "Policy and Programs Committee") will meet in special session on June 17, 1999, to evaluate the Initial Application, documentation submitted during the cure period, and THDA staff analysis thereof. The Policy and Programs Committee will consider whether the eligibility determination made or scoring assigned by THDA staff was in error. **Any contact with THDA staff, Executive Director, any member of the Policy and Programs Committee or any member of the THDA board by any person or entity on behalf of any Initial Application during this review period will be grounds for dismissal of the review request.** Notice of the decision of the Policy and Programs Committee will be mailed to the applicant no later than June 24, 1999.
4. If the Policy and Programs Committee concludes that the eligibility determination or the score assigned by THDA staff was in error, and as a result, determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, meets all of the eligibility requirements of this Allocation Plan with a score in each scoring category that is the same as or higher than the score assigned by the applicant in the Initial Application, then no further action by the applicant or THDA will be taken. Applicants may not submit additional items for the purpose of increasing their score in a particular scoring category where the THDA assigned score is the same as or higher than the score assigned by the applicant in the Initial Application, taking into account documentation submitted in accordance with the Cure Notice. Requests for review that were not submitted in accordance with the Review Notice will not be considered. The provisions of Part VII-E-6, -7, and -8 will not apply.
5. If the Policy and Programs Committee concludes that the eligibility determination or the score assigned by THDA staff was not in error and, as a result, determines that an Initial Application, taking into account documentation submitted in accordance with the Cure Notice, still does not meet one or more of the eligibility requirements of this Allocation Plan or if the score assigned by THDA in any scoring category is still less than the score assigned by the applicant in the Initial Application, THDA will notify the applicant of items that remain erroneous, missing, incomplete, or inconsistent (the "Final Notice"). The Final Notice will specify the time period within which a request for review by the THDA Board of Directors may be made.
6. Applicants who receive a Final Notice may submit, **in writing**, a request to the Executive Director of THDA for review by the THDA Board of Directors. A request for review will not be considered if documentation was not submitted during the cure period described in Part VII-C above or if a request for review by the Policy and Programs Committee was not made.
7. The THDA Board of Directors is authorized, but is not required, to consider any such request for review. Whether requests for review will be heard and disposition of such requests, if any, by the THDA Board of Directors will take place on July 15, 1999, at the regularly scheduled meeting of the THDA Board of Directors.
8. If the THDA Board of Directors elects to consider a request for review, the final score for the Initial Application will be determined after the THDA Board of Directors takes action. If the THDA Board of Directors elects not to consider the request for review, the final score for the Initial Application is the score as determined following the action of the Policy and Programs Committee as specified in Part VII-E-3 above.

F. Final scoring and ranking of Initial Applications

After the completion of the cure period and completion of the review process set forth above, the final score for each Initial Application will be determined. Each Initial Application will be listed in order of score and such rankings will be made available to all applicants. This ranking is not confirmation of a reservation of Tax Credits. Reservations will not be made until all set-asides have been applied and all limits have been applied.

G. Application of Various Limits/Final Ranking

Following the final scoring of each Initial Application, THDA will reserve the available amount of Tax Credits in the Non-Profit Set-Aside, in the HOPE VI Set-Aside, in the Small Developments Set-Aside, in the Rural Set-Aside, and in the Urban Set-Aside, based on the final scores assigned to each Initial Application and the amount of Tax Credits determined by THDA to be appropriate, according to the following procedures and provisions:

1. Non-Profit Set-Aside:

- a. Based on the final scoring of Initial Applications, THDA will list, in ranking order, all developments qualifying in the Non-Profit Set-Aside, and will reserve Tax Credits beginning with the highest ranking Initial Application in the initial Non-Profit Set-Aside and will proceed down the ranking until the point is reached where the last complete reservation can be made. **No partial reservations of Tax Credits will be made, except pursuant to Part VII-G-5-c-ii.** (The limitations by county, by development, and by developer specified in Part V-A above, will apply.) If there are not enough Tax Credits remaining in the initial Non-Profit Set-Aside to reserve the full amount requested for the next Non-Profit Initial Application in line, the difference between the balance remaining in the initial Non-Profit Set-Aside and the amount needed to make a full reservation will be drawn from the Rural and Urban Set-Asides in amounts proportional to the Urban and Rural Set-Aside amounts.
- b. After the initial Non-Profit Set-Aside is completely reserved, other qualified Non-Profit applicants who did not receive a reservation will be included and considered, along with other applicants, the HOPE VI Set-Aside, the Small Developments Set-Aside, the Urban Set-Aside, or the Rural Set-Aside, whichever is applicable.
- c. **Tax Credits remaining in the initial Non-Profit Set-Aside after all of these steps will not be reserved for other Initial Applications.**

2. HOPE VI Set-Aside:

- a. If there are Initial Applications remaining for the HOPE VI Set-Aside, THDA will list, in ranking order, qualified Initial Applications and will make reservations beginning with the highest ranking Initial Application and will proceed down the ranking until the point is reached when the last complete reservation can be made from the Set-Aside amount. **No partial reservations of Tax Credits will be made, except pursuant to Part VII-G-5-c-ii.** (The limitations by development specified in Part V-A above, will apply.) Reservations made to Initial Applications pursuant to this subsection will be deducted from the Rural and Urban Set-Asides, as appropriate, based on the county in which the development is located.
- b. After the HOPE VI Set-Aside is completely reserved, other qualified applicants for developments related to HOPE VI developments which have not received a reservation will be included and considered, along with other applicants, for either the Small Developments Set-Aside, the Urban Set-Aside, or the Rural Set-Aside, as applicable.

3. Small Developments Set-Aside:

- a. If there are Initial Applications remaining for the Small Developments Set-Aside, THDA will list, in ranking order, qualified Initial Applications and will make reservations beginning with the highest ranking Initial Application and will proceed down the ranking until the point is reached when the last complete reservation has been made from the Set-Aside amount. **No partial reservations of Tax Credits will be made, except pursuant to Part VII-G-5-c-ii.** (The limitations by county, by development, and by developer specified in Part V-A above, will apply.) Reservations made to Initial Applications pursuant to this subsection will be deducted from the Rural and Urban Set-Asides, as appropriate, based on the county in which the development is located.
- b. After the Small Developments Set-Aside is completely reserved, other qualified applicants for developments qualifying as Small Developments which have not received a reservation will be included and considered, along with other applicants, for either the Urban Set-Aside or the Rural Set-Aside, as applicable.

4. Rural and Urban Set-Asides:

THDA will then list remaining qualified Initial Applications, in ranking order, in the Rural and Urban Set-Asides and will make reservations to qualified Initial Applications beginning with the highest ranking Initial Application in each Set-Aside and will proceed down the rankings in each Set-Aside category until the point is reached where the last complete reservation in each Set-Aside category has been made. **No partial reservations of Tax Credits will be made, except pursuant to Part VII-G-5-c-ii.** (The limitations by county, by development, and by developer specified in Part V-A above, will apply.)

5. Combining Remaining Tax Credits and Remaining Applications:

- a. Any Tax Credits remaining in the Rural Set-Aside and the Urban Set-Aside after steps 1 through 4 above are complete will be combined with any other Tax Credits that are unallocated for any reason (from Part III-A above).
- b. All remaining qualified Initial Applications will then be listed, in ranking order, in two final lists: Non-Profit and Other. **Throughout the remainder of the reservations, THDA will ensure that at least ten percent (10%) of Tax Credits have been reserved to Non-Profit Initial Applications, even if a lower ranking Non-Profit Initial Application must be reserved Tax Credits before a higher-ranking Other Initial Applications.** THDA will reserve any remaining Tax Credits to the remaining Initial Applications beginning with the highest ranking Initial Application, subject to the priority for Non-Profit Initial Applications and the Set-Asides described in this Allocation Plan, and continuing down the lists until the last complete reservation is made. **No partial reservations of Tax Credits will be made, except pursuant to Part VII-G-5-c-ii.** (The limitations by county, by development, and by developer specified in Part V-A above, will apply.)
- c. (i) If the steps above leave THDA with insufficient Tax Credits to make a complete reservation to the next highest ranking Initial Application, THDA will hold the Tax Credits remaining until enough Tax Credits have been recaptured or returned for a complete reservation to be made. THDA will then make a complete reservation to the next highest ranking Initial Application (The limitations by county, by development, and by developer specified in Part V-A above, apply.)

(ii) If the Tax Credits remaining are likely to exceed one percent (1%) of the total Tax Credits available for reservation, thereby eliminating THDA from applying for Tax Credits from the National Pool in a subsequent year, then any remaining Tax Credits shall be offered as a partial reservation to the

next highest ranking applicant, pursuant to this section, until the Tax Credits are accepted. (The limitations by county, by development, and by developer specified in Part V-A above, apply.) Acceptance of a partial reservation according to this provision would not classify a development as an “existing” application in subsequent years, but any limitation on Tax Credits per development in subsequent years would apply to any such partial reservation.

6. Tax Credits remaining in the Non-Profit Set-Aside after all qualified Non-Profit Initial Applications have received reservations of Tax Credits, can not be reserved to other Initial Applications.

7. Tie Breaker

In the event there is a tie between two or more Initial Applications at the cutoff for receipt of a Tax Credit reservation, the development requesting the least Tax Credits per unit will be given priority. If a tie remains, the Executive Director of THDA and the Chair of THDA, or his designee, will, in their sole discretion, determine which application will be given priority.

PART VIII: Reservation Of Tax Credits

A. Reservation Notice

THDA will notify, in writing, each successful applicant of an initial reservation of Tax Credits (the “Reservation Notice”). In determining the initial amount of Tax Credits to be reserved, THDA will use the costs, incomes and expenses submitted in the Initial Application, as determined by THDA to be reasonable. **The final amount of Tax Credits allocated to each successful applicant may be different from the amount specified in the Reservation Notice.** Allocations will be determined in connection with a Carryover Allocation and in connection with an evaluation at the time the development is placed in service, in accordance with Section 42(m)(2) and this Allocation Plan.

B. Submission Of Additional Information And Documentation

The Reservation Notice will specify what additional information and documentation is required and will specify a date by which such information and documentation must be submitted to THDA. At a minimum, the applicant will be required to provide the following information and documentation by the date(s) specified in the Reservation Notice:

1. Firm commitment letters for construction financing, permanent financing, and competitive state or Federal loans or grants (i.e.: AD-622 for USDA/RD [formerly FmHA]; SAMA letter for HUD 221(d)(4)) in a form acceptable to THDA;
2. Most recent utility allowance documents (from USDA/RD [formerly FmHA], HUD, local PHA, or utility company) demonstrating the basis for calculations of utility costs for the size and type of units proposed;
3. Evidence from each service provider that all necessary utilities (i.e.: electricity, gas (if proposed development utilizes gas), sewer, and water) are available at the site;
4. Evidence from the appropriate municipal authority demonstrating that current zoning permits the development as proposed (as new construction, acquisition and rehabilitation, or rehabilitation only);
5. Detailed information about the syndication transaction;
6. For Initial Applications receiving points under Part VII-B-2-b, -c, or -d, and/or Part VII-B-5-a, -b, -c, or -d, certification from the design architect or construction contractor, as applicable;

7. For Initial Applications requesting acquisition Tax Credits for five or more units, an “as is” market rate appraisal not including Tax Credit benefits. The appraisal must be performed by a Certified General Appraiser licensed in Tennessee. The acquisition cost for Tax Credit purposes shall not exceed the lesser of the purchase price or the appraised value. **Appraisals must be less than six months old at the time of submission in order to be acceptable;** and
8. For Initial Applications proposing developments with five or more units, a market study performed by an **independent third party**. This study must address the need and demand for the type of housing proposed, the market feasibility of the proposed rent structure, and must be in a form acceptable to THDA. For Initial Applications proposing rehabilitation, the market study must include a complete and detailed work plan showing all necessary and contemplated improvements and the projected cost. **Market studies must be less than six months old at the time of submission in order to be acceptable.**

C. Extension of Deadlines

An extension of deadlines established in the Reservation Notice may be requested, **in writing**, to the Executive Director of THDA, so long as any such extension request is received on or before the deadline for which an extension is requested. In the sole discretion of the Executive Director, such requests may be granted if the applicant documents good cause for the request and demonstrates that new deadlines can be met. Deadlines established by Section 42 cannot be waived or extended.

D. Status Reports

All developments with a Reservation Notice shall provide status reports outlining progress toward completion as requested and in a format as prescribed by THDA. Information requested will be development specific and may include such items as construction progress.

E. Recapture Of Tax Credits During Reservation Period

1. THDA will cancel a Reservation Notice for failure to fully satisfy conditions imposed in connection with the Reservation Notice. This means that the Tax Credits referred to in the Reservation Notice are not available for the development specified in the Reservation Notice and will be made available to other qualified developments. Deadlines specified in the Reservation Notice are the dates upon which Tax Credits are deemed recaptured by THDA unless the conditions related to each deadline have been met on or before such deadline.
2. Tax credits made available through a Reservation Notice may be voluntarily returned. Any such return means Tax Credits are not available for the development referenced in the Reservation Notice.
3. Any Tax Credits recaptured either by cancellation of a Reservation Notice (see Part VIII-E-1 above) or by voluntary return (see Part VIII-E-2 above) will be reserved to the fullest extent practical to other qualified Initial Applications for Tax Credits as provided in this Allocation Plan;

Part IX: Carryover Allocation

A. Qualifying For a Carryover Allocation

A development with a Reservation Notice but which will not be placed in service by December 31, 1999, may be eligible for a Carryover Allocation. In order to qualify for a Carryover Allocation, the ownership entity identified in the Initial Application must have ownership of the property on or before December 1, 1999, and must have spent a minimum of ten percent (10%) of the reasonably expected basis in the development on or before December 1, 1999.

B. Carryover Allocation Requirements

To file for a Carryover Allocation, the owner must, no later than December 1, 1999:

1. Complete a Carryover Allocation Application (**Form furnished by THDA**);
2. Submit the Cost Certification (**Form furnished by THDA**) for the ten percent (10%) test;
3. Submit a copy of the recorded warranty deed showing ownership by the ownership entity identified in the Initial Application;
4. Submit any other development specific materials THDA may request;
5. Execute a Carryover Allocation document (**Form furnished by THDA**); and
6. Make an irrevocable gross rent floor election (**Form furnished by THDA**).

C. Tax Credits Available

The amount of Tax Credits to be allocated by a Carryover Allocation will be determined by THDA in connection with an evaluation at the time a Carryover Allocation is requested and in accordance with Section 42(m)(2). **This amount may be different from the Tax Credit amount reserved in the Reservation Notice.**

D. Recapture Of Tax Credits During Carryover Period

1. THDA will cancel a Carryover Allocation for failure to fully satisfy conditions imposed in connection with the Carryover Allocation. This means that the Tax Credits referred to in the Carryover Allocation are not available for the development specified in the Carryover Allocation and will be made available to other qualified developments. Deadlines specified in the Carryover Allocation are the dates upon which Tax Credits are deemed recaptured by THDA unless the conditions related to each deadline have been met on or before such deadline. Such Tax Credits are recaptured by THDA, without further notice, effective as of the deadline established in the Carryover Allocation which was not met.
2. Tax Credits allocated by a Carryover Allocation may be voluntarily returned. Any such return means that Tax Credits are not available by the development referenced in the Carryover Allocation.
3. Any Tax Credits recaptured either by cancellation of a Carryover Allocation (see Part IX-D-1 above) or by voluntary return (see Part IX-D-2 above) will be made available as follows:
 - a. Any Tax Credits returned before October 1, 1999, will be reserved to other qualified Initial Applications for Tax Credits as provided in this Plan;
 - b. Any Tax Credits returned on or after October 1, 1999, will be reserved pursuant to an Allocation Plan for 2000, if available.

Part X: Placed In Service

A. Placed In Service Requirements

When a development is placed in service, THDA will make a final allocation of Tax Credits and will issue IRS form 8609 only after receipt of the following in a form and with substance satisfactory to THDA, in its sole discretion:

1. Final Application (**Form furnished by THDA**);
2. Applicant's Verification Form for each building in the development (**Form furnished by THDA**);
3. Final Cost Certification of actual costs, incomes and expenses, including actual syndication profits, from an independent CPA licensed in Tennessee (**Form furnished by THDA**);

4. Original Recorded Land Use Restrictive Covenants (**Form furnished by THDA**);
5. Copy of the recorded warranty deed indicating ownership;
6. Copy of closing document or Deed of Trust;
7. Certificate of Occupancy for each building;
8. Required Compliance Monitoring Fee; and
9. LIHTC Certificate of Compliance Training (**Form furnished by THDA**).

B. Tax Credits Available

The amount of Tax Credits allocated when a development is placed in service will be determined by THDA based on an evaluation of the above required information and documentation and in accordance with Section 42(m). **This amount may be different from the amount reserved in the Reservation Notice or allocated in the Carryover Allocation. THDA reserves the right to make adjustments in the amount of Tax Credits finally allocated based on the information submitted and Section 42 requirements.**

Part XI: Developments to be Financed With Tax Exempt Bonds

A development financed with tax-exempt bonds may be eligible for an allocation of Tax Credits outside the competitive process. The development must meet the following conditions:

- A. If fifty percent (50%) or more of the aggregate basis of a development is financed with tax-exempt bonds, the development is eligible to apply for Tax Credits outside the competitive allocation process described in this Allocation Plan. If less than fifty percent (50%) of the aggregate basis of a development is financed with tax-exempt bonds, the competitive allocation process described in this Allocation Plan applies. Either counsel or a Certified Public Accountant licensed in Tennessee must certify to THDA that this financing requirement will be met.
- B. *Developments which are not subject to the competitive allocation process must, nevertheless, make application for Tax Credits to THDA and meet all eligibility requirements of this Allocation Plan. THDA will, in its sole discretion, determine the appropriate amount of Tax Credits to be allocated. Any such allocation of Tax Credits will not count against the limits on Tax Credits by county or by developer specified in Part IV. Section 42 applies to such developments.*
- C. Developments receiving Tax Credits pursuant to this Part XI will be subject to all fees and compliance requirements and procedures as described in this Allocation Plan.
- D. Tax Credit applications for developments pursuant to this Part XI may be submitted to THDA outside the application deadlines stated in this Plan.

Part XII: Program Fees

NOTE: ALL FEES ARE NOT REFUNDABLE

A. Application Fee

<u>Number Of Units</u>	<u>Application Fee</u>
1-4	\$ 300
5-50	\$ 600
51-100	\$ 1,000
101 +	\$ 15 per unit

The Application Fee must be submitted with the Initial Application, and is **not refundable**, except as provided in Part IV-C-3.

B. Reservation Fee

1. A Reservation Fee equal to 5.0% of the total annual Tax Credit amount approved by THDA is due by the date specified in the Reservation Notice.
2. **The Reservation Fee is not refundable.**

C. Fee to Amend Application During Reservation Period

1. If, following receipt of a Reservation Notice, an applicant requests any amendment or change with respect to information contained in the Initial Application, the change will be made only if other requirements in this Part XII-C are met and upon receipt of a fee equal to the greater of one-half of one percent (0.5%) of the total amount of Tax Credits reserved or \$500.
2. Changes will be reviewed and considered by THDA **only** after a Reservation Notice has been issued, through the reservation period until Tax Credits are allocated to the applicant by the execution of the Carryover Allocation document.
3. No changes will be approved which would have, in any way, affected the eligibility for Tax Credits or the scoring of the Initial Application.
4. No amendment or change may be made to the ownership entity after a Carryover Allocation has been made.
5. No changes or amendments will be made to the Initial Application after the application deadline and during application submission and review.

D. Monitoring Fee

1. When the development is placed in service, a compliance Monitoring Fee is due to THDA, payable in the form of a certified check (this fee also applies to USDA/RD [formerly FmHA] developments). The Monitoring Fee must be delivered to THDA prior to the release of IRS form 8609 for the development. The Monitoring Fees for developments receiving Tax Credits according to this Plan are as follows:

<u>Number Of Units</u>	<u>Monitoring Fee</u>
1-4	\$ 800
5 or more	\$ 200 per unit

2. **Following the fifth year of monitoring for each development, THDA will evaluate the need for an additional Monitoring Fee. THDA may, at its sole discretion, charge**

a single additional Monitoring Fee not greater than the initial Monitoring Fee stated above. THDA will charge this additional Monitoring Fee only if the costs of monitoring for Tax Credit compliance, in the aggregate, appear likely to exceed the aggregate amount of initial Monitoring Fees collected. A decision by THDA to charge any such additional fee shall not constitute an amendment to this Plan.

E. Late Fee for Failing to Submit Timely Compliance Certification Forms

Owners failing to submit the required Owner's Annual Certification of Compliance forms and supporting documentation by the date required by THDA will be charged a late fee of \$100 per month, for each month, or portion of a month, until the Certification and supporting documentation is received and considered satisfactory by THDA, or until noncompliance is filed with the Internal Revenue Service. This fee will be due upon submission of the forms required. Receipt of Certification without the applicable late fee will be considered incomplete.

Part XIII: Compliance Monitoring

Compliance monitoring procedures apply to all buildings placed in service in Tennessee which have received Tax Credits allocated under Section 42. The current compliance monitoring procedures and requirements are as follows:

- A. Owners must certify annually (Owner's Annual Certification of Compliance) under penalty of perjury that:
1. The development meets the minimum requirements of the appropriately selected test (i.e. 40/60 or 20/50) per Section 42(g)(1);
 2. There was no change in the applicable fraction (as defined in Section 42(c)(1)(B)) of any building in the development;
 3. The owner has received an annual income certification from each low-income resident and has documentation to support that certification;
 4. Each low-income unit is rent restricted under Section 42(g)(2);
 5. All units in the development are for use by the general public and are not used on a transient basis in compliance with Section 42(i)(3);
 6. Each building in the development is suitable for occupancy, taking into account local health, safety, and building codes;
 7. There has been no change in the eligible basis (as defined in Section 42(d)) of any building in the development;
 8. All resident facilities included in the eligible basis under Section 42(d) of any building in the development, such as a swimming pool, other recreational facilities, and parking areas, are provided on a comparable basis without charge to all residents of the development;
 9. If a low-income unit has been vacant during the year, reasonable efforts have been made to rent that unit to residents having a qualifying income and while the unit has been vacant no units of comparable or smaller size have been rented to residents not having a qualifying income;
 10. If the income of residents of a low-income unit in the development increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of a comparable or smaller size was rented to residents having a qualifying income;
 11. The development meets special provisions as outlined in the extended use clause of the Land Use Restrictive Covenant; and

12. If the building is financed by USDA/RD (formerly FmHA) under the Section 515 program, the owner certifies that the building complies with the requirements for USDA/RD assistance.
- B. THDA will conduct yearly on-site inspections of no less than 20% of developments receiving Tax Credits to review the prior year's tenant files for adherence to Section 42 occupancy and rent restrictions, and will physically inspect units at every development to evaluate the suitability of the development for occupancy, taking into account local health, safety, and building codes.
 - C. During the site inspection a review will be conducted of the owner's marketing efforts and procedures for processing Section 8 applicants for occupancy.
 - D. Developments which may be, but are not required to be, exempt from annual on-site monitoring are those developments financed by the USDA/RD 515 loan program.
 - E. THDA will charge fees to cover the administrative expenses of monitoring compliance and other expenses incurred in carrying out its duties as the Housing Credit Agency including but not limited to reasonable fees for legal and professional services.
 - F. Owners will be allowed a 90-day correction period to provide missing documentation or to correct noncompliance. This correction period begins the earlier of the date notification specifying the missing documentation or the noncompliance is mailed, or the date of the inspection at which the missing documentation or the noncompliance is noted. An extension of up to 90 days may be requested in writing and may be granted by THDA if it is determined that there are extreme circumstances beyond the control of the owner.
 - G. THDA will notify the Internal Revenue Service of an owner's noncompliance or failure to certify compliance no later than 45 days after the end of the time allowed for correction, whether or not the noncompliance or failure to certify compliance is corrected. THDA will notify the Internal Revenue Service by filing form 8823 Low-Income Housing Credit Agencies Report of Noncompliance.
 - H. THDA has the right to inspect any low-income development during the compliance period including but not limited to on-site inspections and review of all records relating to compliance with Section 42 requirements. THDA may require copies of the tenant certifications and supporting documentation to be forwarded to THDA.
 - I. Awareness of Section 42 provisions and compliance with requirements of Section 42 are the responsibility of the owner of the building for which the Tax Credits are allocated. THDA's monitoring of compliance with Section 42 does not make THDA or the State of Tennessee liable for an owner's noncompliance.
 - J. THDA shall be entitled to amend the compliance monitoring provisions of this Allocation Plan and its Tax Credit Program as required by applicable federal statutes or regulations as amended, from time-to-time. Such amendment is expressly permitted by this Allocation Plan, and the making of such amendment will not require further public hearings. THDA, in accordance with Section 42, may impose additional requirements at its discretion in order to fulfill the objectives of its housing initiatives.
 - K. Owners or their representatives are required to attend compliance training sessions provided by THDA within the 12 months prior to a development being placed in service. THDA may, under extraordinary circumstances, waive this requirement or extend the deadline, but will not issue the final allocating document (IRS form 8609) until such training has been completed.
 - L. Owners or their management staff may be required to attend compliance training sessions provided by THDA after the final allocation and during the compliance period if it is determined that noncompliance exists which could be corrected by a better understanding of the requirements.

Part XIV: Miscellaneous Provisions

A. Amendments

THDA may amend any part of this Allocation Plan following public notice and approval by the THDA Board of Directors.

B. Tax Credits Allocated to Specific Entities and Properties

THDA reserves and allocates Tax Credits to entities or individuals as these are identified in the Initial Application, for specific developments located on property as these are identified in the Initial Application. Any changes relating to ownership or to properties may result in recapture of Tax Credits by THDA, in its sole discretion, unless such changes or amendments have been approved in accordance with Part XII-C.

C. Deadlines

Due to the competitive nature of the Tax Credit reservation and allocation process, time is of the essence of this Allocation Plan. Deadlines established in this Allocation Plan and set forth in Reservation Notices or Carryover Allocations will not be waived, except as set forth in this Allocation Plan. Deadlines required by Section 42 will not be waived. **Tax Credits will be recaptured if there is a failure to meet Allocation Plan requirements by established deadlines.** No person or entity shall be entitled to rely on any waiver or extension previously granted for the purpose of obtaining subsequent waivers or extensions.

D. Document Review

1. THDA will review and evaluate only those materials submitted in compliance with the requirements of this Allocation Plan. THDA will not evaluate any materials submitted outside the deadlines established for submission of such materials and will assume no obligation to request additional information from applicants for purposes of completing or supplementing Initial Applications for Tax Credits. Review by THDA of documents submitted with Initial Applications or other documents submitted in connection with the Tax Credit Program or Allocation Plan is for THDA's own purposes and is not for the purpose of advising, certifying, representing or warranting to others as to the feasibility or viability of any proposed development.
2. THDA makes no representations or warranties to applicants, developers, owners or anyone else as to compliance with Section 42, Treasury regulations, or any other laws or regulations applying to Tax Credits.

E. No THDA Liability

No member, officer, agent, or employee of THDA shall have any personal liability with respect to any matters arising out of, or in relation to, the allocation of Tax Credits or the monitoring of properties which have received Tax Credits.

F. Representations and Warranties

Claiming points in connection with the Part VII-B is a representation and warranty by the applicant and all parties connected with the development proposed in the Initial Application with respect to each and every item for which points are claimed. The applicant and all parties connected with the development proposed in the Initial Application intend for THDA to rely on these representations and warranties for the purpose of complying with Section 42 and for awarding Tax Credits pursuant to this Allocation Plan. By submitting documents to THDA in an effort to obtain Tax Credits, the applicant and all parties connected with the development proposed in the Initial Application acknowledge and agree that they are entering into a contract with THDA and that they intend for THDA to rely on and seek enforcement of these representations with respect to any reservation or allocation of Tax Credits by any and all

means available, including specific performance of all such representations and warranties. In the event THDA seeks enforcement of the representation and warranties made by virtue of the submission of an Initial Application for Tax Credits, THDA shall be entitled to recover all costs, expenses and fees, including without limitation, court costs, attorneys fees and staff time, from the applicant or any other party connected with the development proposed in the Initial Application.

G. False Statements

Tennessee Code Annotated, Section 13-23-133, makes it a Class E felony for any person to knowingly make, utter, or publish a false statement of substance or aid or abet another person in making, uttering, or publishing a false statement of substance for the purpose of influencing THDA to allow participation in the Tax Credit Program. Any and all statements contained in Initial Applications submitted to THDA for Tax Credits or otherwise made by an applicant or other person connected in any way with an Initial Application for Tax Credits are statements of substance.

Part XV: Adoption and Approval by the Governor

I, Don Sundquist, the Governor of the State of Tennessee, do hereby signify my adoption and approval of this Qualified Allocation Plan for the distribution of Tax Credits in this State, in conformance with Section 42 of the Internal Revenue Code of 1986, as amended.

Don Sundquist, Governor

Date

EXHIBIT 1

COUNTIES IN URBAN AND RURAL SET-ASIDES

Counties in Urban Set-Aside

Anderson
Blount
Carter
Cheatham
Chester
Davidson
Dickson
Fayette
Hamilton
Hawkins
Knox
Loudon
Madison
Marion
Montgomery
Robertson
Rutherford
Sevier
Shelby
Sullivan
Sumner
Tipton
Unicoi
Union
Washington
Williamson
Wilson

Counties in Rural Set-Aside

All other Tennessee counties

EXHIBIT 2

**TENNESSEE COUNTIES WITH MEDIAN INCOME
BELOW 80% OF THE STATE MEDIAN INCOME**

Benton
Bledsoe
Campbell
Claiborne
Clay
Cocke
Cumberland
Decatur
Fentress
Grainger
Grundy
Hancock
Hardeman
Henry
Jackson
Johnson
Lake
Lauderdale
Lewis
Macon
McNairy
Meigs
Morgan
Pickett
Polk
Rhea
Scott
Van Buren
Wayne

EXHIBIT 3
COUNTIES AND CENSUS TRACTS
WITH GREATEST RENTAL HOUSING NEED

COUNTIES

GROUP 1 - 20 POINTS

Campbell
Dickson
Grundy
Hardeman
Knox
Meigs
Rutherford
Shelby
Tipton
Washington

GROUP 2 - 17 POINTS

Anderson
Bedford
Carter
Cheatham
Chester
Claiborne
Clay
Cocke
Davidson
Giles
Hamblen
Hamilton
Hancock
Haywood
Houston
Jackson
Lauderdale
Loudon
Madison
McMinn
McNairy
Putnam
Rhea
Roane
Scott
Sequatchie
Sullivan
Unicoi

GROUP 3 - 14 POINTS

Benton
Blount
Bradley
Carroll
Coffee
Cumberland
DeKalb
Dyer
Franklin
Henderson
Henry
Humphreys
Jefferson
Johnson
Lake
Lewis
Marion
Maury
Montgomery
Morgan
Obion
Robertson
Trousdale
Union
Weakley
Wilson

GROUP 4 - 10 POINTS

Bledsoe
Crockett
Decatur
Fayette
Fentress
Gibson
Greene
Hardin
Hickman
Lawrence
Lincoln
Macon
Monroe
Polk
Sevier
Smith
Sumner
Warren
White
Williamson

GROUP 5 - 7 POINTS

Hawkins
Marshall
Overton
Pickett
Van Buren

GROUP 6 - 4 POINTS

Cannon
Grainger
Moore
Perry
Stewart
Wayne

EXHIBIT 3 - Page 2

CENSUS TRACTS*

County	Tracts	Score	Tracts	Score	Tracts	Score	Tracts	Score
Anderson	0212.01	20						
Blount	0108.00	20						
Bradley	0107.00	17						
Chester	9701.00	20						
Crockett	9611.00	14						
Davidson	0113.00	20	0120.00	20	0122.00	20	0123.00	20
	0140.00	20	0143.00	20	0145.00	20	0160.00	20
	0165.00	20						
Fayette	0603.00	14						
Gibson	9667.00	14	9669.00	17				
Greene	0909.00	14	0913.00	14	0914.00	14		
Hamilton	0002.00	20	0021.00	20	0027.00	20		
Hancock	9602.00	20						
Hawkins	0507.00	10						
Henry	9693.00	17	9697.00	17				
Hickman	9505.00	14						
Humphreys	1304.00	17						
Macon	9701.00	14						
Madison	0005.00	20	0009.00	20				
Marshall	9551.00	14	9553.00	10				
Montgomery	1007.00	17	1008.00	17	1009.00	17	1012.00	17
Morgan	1102.00	20						
Obion	9656.00	17						
Overton	9502.00	14						
Perry	9902.00	7						
Putnam	0008.00	20						
Robertson	0803.00	17						
Sevier	0810.00	17						
Sumner	0205.00	17	0207.00	14	0211.01	14		
Trousdale	0902.00	17						
Union	0403.00	17						
Wayne	9503.00	7						
Williamson	0508.00	14	0511.00	14				
Wilson	0307.00	17	0310.00	17				

*This list includes only those census tracts whose scores are higher than the overall county score. If the census tract in which a development is proposed does not appear on this list, please refer to the list of counties on the first page of Exhibit 3 for calculating a score.

EXHIBIT 4

COUNTIES WITH LOWEST AGGREGATE PER CAPITA ALLOCATIONS OF TAX CREDITS SINCE 1994

GROUP 1 - 25 POINTS

Anderson
Bedford
Benton
Bledsoe
Blount
Cannon
Carroll
Carter
Cheatham
Chester
Claiborne
Clay
Cocke
Coffee
Crockett
Decatur
DeKalb
Dyer
Fayette
Franklin
Gibson
Giles
Grainger
Hancock
Hardeman
Hardin
Hawkins
Henderson
Hickman
Houston
Humphreys
Jackson
Johnson
Lake
Lawrence
Lewis
Lincoln
Loudon
Marion
McNairy
Meigs

GROUP 2 - 21 POINTS

Campbell
Cumberland
Fentress
Greene
Grundy
Hamilton
Lauderdale
Macon
Montgomery
Putnam
Rhea
Roane
Sullivan
Tipton
Williamson

GROUP 3 - 18 POINTS

Haywood
Jefferson
Knox
Sevier
Shelby
Washington

GROUP 4 - 14 POINTS

Davidson
Hamblen
Madison
Marshall
Robertson
Sumner

GROUP 5 - 9 POINTS

Dickson
Henry
Maury
Rutherford

GROUP 6 - 3 POINTS

Bradley
McMinn
Wilson

EXHIBIT 5
THDA BICENTENNIAL NEIGHBORHOODS

Beginning in 1996, THDA designated certain communities to receive special grant funding. These communities each identified a specific geographic area within their boundaries as "Bicentennial Neighborhoods." For a Tax Credit Application to receive points for being within a Bicentennial Neighborhood, the development must lie entirely within the defined geographic boundaries of the designated Bicentennial Neighborhood.

For more information about the boundaries of these Bicentennial Neighborhoods, the communities and contact persons are listed below. THDA will also review any Application claiming to lie within the boundaries of a Bicentennial Neighborhood to confirm its eligibility for points claimed.

<u>Community</u>	<u>Contact Person</u>	<u>Telephone Number</u>
Brownsville	Ann Banks	901-772-1212
Chattanooga	Leigh Ferguson	423-756-6212
Dandridge	Joey Sullenberger	423-588-5314
Knoxville	Diana Lobertini	423-215-2120
Johnson City	Steve Baldwin	421-434-6291
Memphis	Edward Cross	901-576-7302
Nashville	Steve Neighbors	615-252-8562
Rockwood	Jerry Clayton	423-354-6867

EXHIBIT 6

**QUALIFIED CENSUS TRACTS AND
DIFFICULT DEVELOPMENT AREAS**

IRS Section 42(d)(5)(C) Qualified Census Tracts

Metropolitan Areas

Chattanooga

	Tract	Tract	Tract	Tract	Tract
Hamilton County	0002.00	0003.00	0004.00	0008.00	0011.00
	0012.00	0014.00	0015.00	0016.00	0019.00
	0020.00	0021.00	0023.00	0025.00	0027.00
	0031.00				

**Clarksville/
Hopkinsville**

	Tract	Tract	Tract	Tract	Tract
Montgomery Co.	1008.00				

Jackson

	Tract	Tract	Tract	Tract	Tract
Madison County	0005.00	0008.00	0009.00	0010.00	0011.00
	0012.00				

**Johnson City/
Kingsport/
Bristol**

	Tract	Tract	Tract	Tract	Tract
Sullivan Co.	0401.00	0402.00			
Washington Co.	0607.00	0609.00			
Bristol City	0203.00				

Knoxville

	Tract	Tract	Tract	Tract	Tract
Anderson County	0207.00				
Knox County	0001.00	0002.00	0003.00	0004.00	0005.00
	0006.00	0007.00	0008.00	0009.00	0010.00
	0011.00	0012.00	0013.00	0014.00	0017.00
	0020.00	0024.00	0026.00	0029.00	
Union County	0402.01				

Memphis Tract Tract Tract Tract Tract

Fayette Co.	0601.00				
Shelby County	0002.00	0003.00	0004.00	0005.00	0006.00
	0007.00	0008.00	0009.00	0010.00	0013.00
	0014.00	0018.00	0019.00	0020.00	0021.00
	0022.00	0023.00	0024.00	0028.00	0036.00
	0037.00	0038.00	0039.00	0040.00	0041.00
	0044.00	0045.00	0046.00	0047.00	0048.00
	0049.00	0050.00	0051.00	0053.00	0054.00
	0055.00	0057.00	0058.00	0059.00	0060.00
	0061.00	0062.00	0065.00	0067.00	0068.00
	0073.00	0078.10	0081.10	0084.00	0090.00
	0103.00	0105.00	0222.20	0223.10	0227.98
Tipton Co.	0407.00				

EXHIBIT 6 - Page 2

	<u>Nashville</u>	<u>Tract</u>	<u>Tract</u>	<u>Tract</u>	<u>Tract</u>	<u>Tract</u>
Davidson Co.	0104.02	0114.00	0118.00	0119.00	0123.00	
	0124.00	0125.00	0126.00	0135.00	0136.00	
	0137.00	0139.00	0140.00	0142.00	0143.00	
	0144.00	0145.00	0146.00	0148.00	0159.00	
	0160.00	0161.00	0162.00	0163.00	0164.00	
	0165.00	0166.00				
Rutherford Co.	0416.00	0419.00				
Sumner County	0208.00					
Wilson County	0307.00					

Non-Metropolitan Areas

	<u>Tract</u>	<u>Tract</u>	<u>Tract</u>	<u>Tract</u>	<u>Tract</u>
Bradley County	0104.00	0107.00	0108.00		
Campbell Co.	9503.00				
Fentress Co.	9651.00				
Hamblen Co.	1003.00				
Hancock Co.	9601.00	9602.00	9603.00		
Haywood Co.	9807.00				
Henry Co.	9693.00				
McMinn Co.	9702.00				
Marshall Co.	9553.00				
Maury County	0105.00				
Putnam County	0008.00				

IRS Section 42(d)(5)(C) Difficult Development Areas

None

For a full explanation of the methodology used to identify qualified census tracts and difficult development areas, refer to "Designation of Qualified Census Tracts and Difficult Development Areas", Federal Register, October 24, 1994, pp. 53518-53549.

Exhibit 7

Low Income Housing Tax Credit

1999 Income Limits

Effective January, 1999

*For persons receiving this information by e-mail, this document is
HUD Notice PDR-99-01 and 02
and can be found at HUD's web site
<http://huduser.org/data/factors.html>